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# LEGACY OF SOCIAL POLICIES AND FALL IN INEQUALITY: INCOME NOT DERIVED FROM WORK BETWEEN THE YEARS 2003 AND 2007

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**ABSTRACT**
The research describes the field of public policies focused on highlighting the legacy of the actions implemented in the period from 2003 to 2007, which, in that period, resulted in the fall of inequality, particularly that not derived from salaried work. The impact of income on inequality and the improvement of the Gini coefficient indicators is one of the aspects addressed from the point of view of the methodological approach. The research based on the result of data from the National Household Sample Survey (PNAD), demonstrates the movements of the poorest percentiles of the population towards the equality line, as a result of the displacement of this population contingent motivated by policies focused on conditionalities.

**Keywords:** Focused Policy. Conditionality. Poverty. Income Inequality. Salaried work.

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## INTRODUCTION

In order to understand the changes or the maintenance of the structures underway in the Brazilian social formation, it is important to present the academic debate on the fall in income inequality in Brazil[10] resulting from the implementation of income redistribution mechanisms, a phenomenon anchored, in particular, in the monetary transfers of income made in the period from 2003 to 2007.

The methodological approach that guides the discussion on the reduction of inequality recognizes that this phenomenon encompasses people and families in the most severe levels of poverty in the Brazilian population. Among the aspects that guide this debate, the monetary income transfer policies stand out, which, among other analytical categories, include the policy of recovery of the real remuneration of the minimum wage, aiming to revert to benefits to the poorest population.

However, the material scenario where the fall in inequality was configured is based on the assumption of the market economy, which has asserted throughout historicity the distances between the poorest layer of the Brazilian population, when compared to the layer with the highest income. In this sense, Fagnani (2005) points out that the ordering and intertwining of issues related to the maintenance of poverty are based on other macroeconomic complexities: high interest rates, social security deficit, payment of internal debt service, high tax burden and inflexible labor market, which would possibly imply the maintenance or delay of changes in the structure of poverty and inequalities.

The fall in inequality implies understanding the retreat of poverty, through multifactorial aspects that characterize the distribution of monetary per capita income and the dimensions of poverty in Brazilian society. It is worth emphasizing that the fall in poverty and inequality is not a coincidental process, although they may be associated in certain historical circumstances.

Income transfers are conceived as social policies that guarantee access to a set of benefits, such as a minimum income, for population contingents classified as unqualified, populations in poverty and in a situation of family vulnerability. Thus, the objectives of the social policy focused on income transfer would act on the protection and social insertion of

[10] BARROS, Ricardo P.; FOGUEL, Miguel N.; ULYSSEA, Gabriel (eds.). Income inequality in Brazil: an analysis of the recent drop. Brasília: IPEA, 2007, v 2.
IPEA. About the recent drop in income inequality in Brazil. Technical Note. Brasília: Institute of Applied Economic Research, ago. of 2006. Available at <http://www.ipea.gov.br/082/08201004.jsp?ttCD_CHAVE=2895> Accessed: jun.2024.

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those populations that are hopeless of the condition of citizenship, inserting them in a new condition of affiliation to the social protection system, which is the responsibility of the state.

Corroborating the goals established within the Bolsa Família Program[11] (PBF), conceived as a direct income transfer program, are the actions articulated through complementary programs, whose objectives explain the development of capacities and potentialities, with the offer of opportunities. In contrast to the opportunities, there are the conditionalities, which imply the fulfillment by the beneficiary families of certain conditionalities for the permanence of the link to the program: school attendance, monitoring of the health of women and dependents in the family and assistance offered to those families in an imminent situation of social risk. In this way, the so-called compensations are created through support mechanisms for individuals and families, enabling the emancipation of the situation of extreme poverty to a level above this line.

The problem raised implies investigating to what extent the policies of direct income transfer, through the focus on poor populations, demonstrate effectiveness in acting on the living conditions of those who are in the condition of extreme poverty and social vulnerability. It is also asked how the financial compensation offered to poor families can change the course of the configuration of the fractured social fabric and cause a drop in inequality, social inclusion and change in the conformation of poverty in Brazilian society.

Pointing to the monetary compensatory aspect of the focused social policies implies understanding that such policies are circumscribed to a methodology, which aims at the emancipation of families from their condition of social vulnerability. Medeiros (2008) points out the need for projects with requirements for the radical execution of social policies, in order to change the social structure of the country. The radical moral stance is understood as a possibility of dilution or as a minimizing aspect of inequalities, having as a mechanism the focused policy of direct income transfer. This peculiar characteristic of social policy may be closer to its realization, while opportunities for professional qualification and qualified work are created.

However, care practices have an ambiguous role in remaining below in overcoming an unequal system, corroborating the fact that certain portions of the population remain under the condition of being unqualified, lacking social capital to overcome the poverty line.

[11] The Bolsa Família Program was created by Decree-Law No. 5,209, of September 17, 2004. Provides for the creation of the Bolsa Família Program and provides for other provisions. Presidency of the Republic. Chief of Staff: Deputy Chief of Staff for Legal Affairs, Brasília, 17 Sep 2004.

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Poverty is characterized as a multifaceted phenomenon. A theoretical model that makes this multifaceted field explicit seeks in the social and human sciences to understand the dimension of exclusion, produced from the absences in the modes of social denial. In the general picture, the fall in inequality needs to be researched from the perspective of elucidating which inequality is being talked about: in the present case, it is a matter of exploring the fall in inequality[12] related to per capita income, measured by the Gini coefficient. It is recognized, as Soares (2006) points out, the impossibility of reducing to a single scalar number, all the variation contained in an income distribution, because, with the use of quantitative methodology, it can qualify a measure and disqualify another indicator.

Thus, the theoretical-methodological approach deals with the recent fall in the inequality of per capita family income; the redistribution of income through the relationship of salaried work and the reduction of poverty. When referring to the composition of income, it is the analysis of all incomes, especially those arising from income from salaried work. Inequality will be analyzed by the decomposition of the Gini coefficient,[13] an indicator that makes it possible to ascertain the movement, concentration or distribution of income. One of the reasons for using this coefficient refers to the variation factor, easily decomposed by source of income. To analyze how important the decrease in inequality was, methodologically the coefficient proposes a measure of income inequality, with a greater propensity to aggregate, in a single index, a variety of information, including those translated by the National Household Sample Survey (PNAD).[14]

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[12] Other literature treats the increase in inequality over the years as a persistent phenomenon, especially in the period between 1960 and 1980. We refer to Langoni (2005), in the extensive debate of the 1970s and 1980s. We emphasize the existence of numerous attempts to measure inequality in the literature.

[13] The Gini and Concentration coefficients are defined as numbers ranging between 0 and 1. However, for ease of reading — as with percentages — it is usual to express them as numbers between 0 and 100, as is often used. This is done by using the concentration coefficient, which indicates how regressive or progressive a source of income is. The more regressive (pro-rich) an income is, the closer to one (+1) is its concentration coefficient; The more progressive (pro-poor) an income is, the closer to minus one (-1) is the coefficient associated with it. If everyone in the population receives the same amount from a given source of income, its concentration coefficient is zero. A useful piece of information is that the Gini coefficient is nothing more than the weighted sum of the concentration coefficients, in which the weighting weights are the weights of each source of income in the total income. This makes static and dynamic decompositions of the Gini coefficient relatively simple. It is a matter of defining which are the relevant incomes, calculating the weight and coefficient of concentration of each one and doing a few calculations (SOARES, 2010, p. 36).

[14] They obtain annual information on demographic and socioeconomic characteristics of the population, such as sex, age, education, work and income, and characteristics of households, and, with varying periodicity, information on migration, fertility, marriage, among others, with households as the collection unit. Specific themes covering demographic, social and economic aspects are also investigated. Available at: <http://www.ibge.gov.br/home/estatistica/pesquisas/pesquisa_resultados.php?id_pesquisa=40>Acesso: jun.2024.

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**FOUNDING CONCEPTIONS ABOUT THE FALL IN INEQUALITY**

The phenomenon of falling inequality[15] is of special interest to demonstrate not only the perception of falling inequality, but also the dynamics of income as a redistribution of positions. Translating these concepts into comparative terms, Communiqué No. 63 IPEA (2010b), "PNAD 2009 — First Analyses: Income Distribution between 1995 and 2009" reveals that the income of the poorest 5% increased by 84% between 1995 and 2009, against a 13% increase in income for the richest 5%. In another analysis, it is observed that, between 2001 and 2005, income inequality shows its greatest decline.

In this sense, Barros, Carvalho, Franco and Mendonça (2006) state:

> Between 2001 and 2005, the degree of income inequality in Brazil declined sharply and continuously. According to the Gini coefficient, one of the most widely used measures, the degree of income inequality in Brazil in the period declined by 4.6%, from 0.593 to 0.566. In 2001, it was close to the average of the last thirty years; in 2005, it reached the lowest value recorded in the period (Barros, Carvalho, Franco & Mendonça, 2006, pp. 108).

Thus, this work situates the analysis of the fall in inequality, treating it in the socio-historical context, the decision-making arena of actions around public policies (WANDERLEY, 2004). Added to this discussion is not only the data surveys, which allow us to measure the results closely, but also by analyzing them under the understanding of the extent to which social welfare was altered, which produced a new configuration of the social fabric.

Methodologically, the fall in inequality in the period from 1995 to 2009 is demarcated and analytically situated, where it is done, in the context of the possibility of its follow-up and monitoring, in view of economic stability, understood in its monetary totality, allowing measurements, without, however, analyzing the interference of inflation indices[16] that, in a way, hinder measurements.

The importance of the fall in the inequality of per capita monetary income in the wage base is highlighted, as this factor acts directly on income, putting downward pressure on its

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[15] Achieved in four years, could a drop of almost 5% in the Gini coefficient be considered sharp? Of the 74 countries for which information is available on the evolution of this indicator throughout the 1990s, less than 1⁄4 managed to reduce it at a faster rate than that achieved by Brazil in the 2001-2005 quadrennium (Graph 3). Therefore, the pace at which inequality has been declining in the country is one of the fastest in the world (Barros, Carvalho, Franco & Mendonça, 2006, p. 108).

[16] Otherwise, it would not be possible to observe the fall in the inequality of per capita monetary income in the wage base, eroded by high inflationary indices that did not allow income to maintain its aggregate purchasing power, especially that of salaried labor. According to estimates by IPEA (2006) "from 2001 to 2004, per capita family income inequality fell continuously and substantially, reaching its lowest level in the last 30 years." (IPEA, 2006, p. 3).

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aggregate purchasing power, between the incomes of the poorest strata of the population and that arising from salaried work. When analyzed, these two elements bring to the center of the economic debate the fall in poverty, a relevant aspect for the sociological understanding of this phenomenon, characterized as persistent and long-lasting in the Brazilian social reality. In this sense, corroborating the discussion, Kerstenetzky, (2009), adds reasons for the fall in inequality.

> The two most important reasons for the fall in inequality seem to have been the behavior of labor income — a combination of the expansion of the formal labor market with the readjustments of the minimum wage — and social programs, especially the Bolsa Família (Saboia, 2007; Soares, 2006; Hoffmann, 2005). The policy of increasing the minimum wage in real terms – adopted since the Fernando Henrique era, although not as a government policy; continued and accelerated during the Lula administration, now as a government policy — had an important impact on reducing wage and retirement and pension inequality, and can be considered the main determinant of the recent fall in income inequality while wages, pensions and pensions represent the majority of household income (Kerstenetzky, 2009, p. 6).

In the historical context, there are always variations in the measurement of the indexes, however, we place the year 2001 as the year in which inequality began to fall by an average of 0.7 points of the Gini coefficient per year, as pointed out by Soares (2010a) in the text "The distribution of labor income and the fall of inequality from 1995 to 2009".

The same text points out that this trend of the Gini coefficient can be observed in its almost linear rhythm until 2009, declining from 0.592 points to 0.538. The percentile of this drop, although apparently small in the last ten years, deserves all the "redoubled attention to understand and maintain the policies that have led to greater equality in the incomes of Brazilians" (SOARES, 2010a, p. 35).

Regarding inequality, it should also be added that the surveys of the last two decades point to its continuous decrease. According to IPEA surveys (2010b), the fall in household income inequality per capita, which began in 2001, continues in 2009. The indicator used to measure per capita income inequality, as already announced, is the Gini coefficient, understood as such.

> From 2001 to 2008, inequality measured by the Gini coefficient fell by an average of 0.70 Gini points (x100)2 per year. From 2005 to 2008, the pace was slightly stronger and inequality fell by 0.72 Gini points (x100) per year. From 2008 to 2009, inequality fell less: 0.54 points (IPEA, 2010b, p. 3).

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However, taking the series from 2001 to 2008, when the Gini Coefficient fell more sharply, those data do not allow us to make a judgment to the point of stating that it is a trend, except for the fact of the decomposition of aggregate income in the indicated period, where it will be possible to perceive that the changes in the Concentration Coefficients are directly related to the changes in the features presented by inequality, as pointed out by Soares (2010a). Thus, the income was broken down into:

> Labor income, which can be subdivided into labor income indexed to the minimum wage and other labor income; social security income, which can be subdivided into benefits equivalent to a minimum wage and benefits not equal to a minimum wage in September of that year; income from focused cash transfer programs, which can be subdivided into income from the Bolsa Família Program (PBF) and continued cash benefits (BPC); and other incomes, a residual category that includes the poorly measured capital income in the PNAD, transfers from other households, incomes of little relevance such as the permanence allowance and any other income that does not fit into the other categories (Soares, 2010a, p. 36).

By the sociological understanding of the importance given to this drop in recent years, it is possible to reinforce the meaning of maintaining social policies that have increased the consumption capacity of the lower sectors, as such, brought them closer to greater equality in the income of Brazilians. Thus, when it comes to income distribution, it locates it in relation to wage labor, and finally, when it comes to poverty, it includes non-monetary poverty.

Torres, Bichir and Carpim (2006) highlight a 'different poverty' associated with the improvement of consumption patterns and the increase in the population of poor people, as factors related to a set of transformations in structural conditions, associated with the following factors: the role of public policies, variations in the price structure, changes in family size, the transformation of the role of women and the greater supply of credit.

> In summary, despite the increase in the proportion of poor households in the metropolitan regions, significant improvements can be observed in terms of greater access to goods and services, indicating the complexity of recent patterns of urban poverty. These results suggest that a "different" poverty is evident in terms of the contents associated with it. This different poverty is now characterized — at least in metropolitan areas — by greater access to the consumption of goods and services (TORRES, BICHIR & CARPIM, 2006, p.20).

Referring to other analyses, especially from 2010, IPEA (2010a) released a series of studies[17] taking data from PNAD/IBGE and evaluating the distribution of income in Brazil

[17] Three important documents published by IPEA can be analyzed: Communiqué No. 58 — Dimension, evolution and projection of poverty by region and state in Brazil (IPEA, 2010a); Communiqué No. 63 — PNAD 2009 —

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from 1995 to 2009. Over fourteen years since the PNAD was carried out, the data pointed to a drop in inequality through income redistribution. The PNAD surveys in 2009 revealed a trend little observed until then and favors correcting some misconceptions in relation to the fall in inequality, especially those indicators published by studies that attribute to public income transfers the responsibility for the fall in inequality in per capita income. On the contrary, labor income was more important for the fall in inequality, according to data from the PNAD's, discussed by Soares (2010b) in the text: "Is the pace of the fall in inequality in Brazil acceptable?"

However, as already pointed out, direct income transfer programs act on the structure of poverty, meeting the needs vital for the very survival of the unprotected contingents. Hunger and misery incapacitate the subject in decision-making and make it impossible for him to make his own choices (Yazbek, 2009).

On the other hand, it is understood that income transfer programs do not act using a single programmatic path: they need to be articulated with other actions and programs that promote the capacities of the subjects and empower them for decision-making (SOUZA, 2004).

The form of regulation is perceived, when the actions complementary to the income transfer programs generate impacts on the beneficiaries who, in a way, would not have options to choose which services and programs they could access, in addition to those already pre-established.

The redistribution of income via direct transfer by the State is equally important to reduce inequalities and has contributed to the retreat of poverty. Resorting to the long debate and discussions generated, three possible factors are pointed out, pointed out by national academic productions, which are interconnected and contributed to the fall in per capita income inequality in Brazil: 1) income redistribution, understood as income from salaried and non-salaried work (indexed to the minimum wage and also that not indexed to the minimum wage); 2) the inequality of per capita household income, measured by the concentration of income; 3) and the retreat of poverty added to the growing rate of labor participation (IPEA, 2010c).

In another understanding, Barros, Carvalho, Franco & Mendonça point out:

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First Analyses: Income Distribution between 1995 and 2009 (IPEA, 2010b); o Bulletin no. 45 — Labor Market — conjuncture and analysis (IPEA, 2010c).

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> The immediate determinants considered here are demographic transformations, the expansion of government transfers and other sources of income not derived from labor, and the changes that have occurred in the labor market, whether those resulting from the expansion of employment or from a better distribution of labor remuneration among the employed (Barros, Carvalho, Franco & Mendonça, 2006, p. 7).

In this context, income redistribution will be addressed in the following item, under three significant approaches: the first analyzes the decomposition of the factors of the fall in inequality from 1995 to 2009; the second emphasizes the fall in poverty that took place in 2009 and the third analyzes the growth of income from salaried work, indexed or not to the minimum wage.

However, it is still considered that the phenomenon of the reduction of income inequality occurred in the population strata whose income comes from salaried work, while this is indexed to the minimum wage, as a function of the real earnings aggregated therein. On the other hand, in order not to make mistakes about the reduction of poverty, we dissociate this phenomenon as resulting from the reduction of inequality. Inequality, the object of study, refers to the inequality of per capita monetary income, indexed to the minimum wage.

The criticisms[18] formulated to the publications about the 'recent fall in inequality' can in a certain way be understood beyond the means of production themselves, the material conditions in which income is produced. It is evident that the conditions for the production of the income of a salaried worker are limited to the field of his salary, not allowing him any other form of income. However, if the analysis takes only the income from wages, a contractual labor situation is privileged, the birthplace of contractual labor relations, of a considerable population layer of workers in Brazil.

The population contingents devoid of this relationship with salaried work with an employment relationship (due to the structural and conjunctural problems that the market economy produces, generating surplus value and reserve of workers for the market) are outside these statistics and official surveys. However, the unemployed or those inserted in informality are not given the right to integrate into the contractual society of work: therefore, they remain in the category of inequality, excluded in their informality. In this sense, the

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[18] In this regard, see: Neri, Marcelo. "Fall in inequality in the decade is legend". In : Folha de São Paulo, 10 set. 2010. Available at < http://www.ihu.unisinos.br/noticias/noticias-anteriores/36184-queda-de-desigualdade-na-decada-e-lenda >. Accessed: jun.2024.
Also the chapter by Cláudio Salm in the collection: Barros, Ricardo P.; Foguel, Miguel N.; Ulyssea, Gabriel (eds.). Income inequality in Brazil: an analysis of the recent drop. Brasília: IPEA, 2007, v 2.

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protection of the State will be able to shelter the unprotected and, in this way, act to guarantee income for the reduction of poverty.

In the academic debate, controversies and antagonistic views regarding the different ways of reading data and methodological interpretation of the fall in inequality are evident. We agree with the authors who guide this debate and maintain that there are 'Immediate Determinants of the Fall in Brazilian Income Inequality', which indicate that:

> Between 2001 and 2005, the degree of income inequality in Brazil declined sharply and continuously, reaching the lowest level in the last 30 years in 2005. The Gini coefficient declined by almost 5%, and the ratio between the income of the richest 20% and that of the poorest 20%, more than 20%. This reduction in inequality contributed to substantially reducing poverty and improving the living conditions of the poorest population, even in a period of relative stagnation of *per capita* income. Despite this decline, inequality in the country remains extremely high (BARROS, CARVALHO, FRANCO & MENDONÇA, 2006, p. 7).

However, one of the criticisms of the lightened celebrations of the fall in inequality lies in the fact that some economists ignore the level of income. Soares (2006, p. 91) points out that "inequality can fall because there was a general impoverishment, those who gained the most lost the most, those who earned the least". An example of this phenomenon can be seen in the great drop in the income of all citizens between the years 1989 and 1990.

Soares (2006) points out that any citizen who celebrated the fall in inequality in the first year of the Collor government would be celebrating the general impoverishment of the nation. In other words, it can be seen after the euphoria of the Real Plan — with the advent of monetary stability — that the indicators show the increase in the per capita income of the poorest sectors of Brazilian society, treated below in terms of the indicators of the fall in inequality, the fall in poverty and the impact of incomes on poverty.

## INDICATORS OF THE FALL OF INEQUALITIES, POVERTY AND INCOME IMPACT ON POVERTY

The indicators of the fall in per capita income inequality in Brazil are treated with due importance, considering the decrease in absolute poverty rates. These indicators indicate the fall in per capita income inequality throughout the national territory. The most recent indicators of the retreat of monetary income inequality and the reduction of poverty reveal that the Brazilian macroeconomic context points to economic growth, with the construction and expansion of social equity mechanisms. In this way, the Brazilian macroeconomic model in the last fifteen years would adjust to an economic growth supported by the

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indicators: monetary policy, fiscal policy, exchange rate policy, credit policy and income distributive policy, thus forming the basis of the macroeconomic model (Sicsú, 2010).[19] The author highlights that fiscal policy has changed focus in recent years; from a policy focused on accounting, fiscal, and financial objectives, to growth with development, in order to cause positive impacts on the social mobility of population segments in vulnerable situations.

Before focusing the discussion on the determinant factors of the fall in inequality, we highlight the retreat of the evolutionary and historical dimension of absolute poverty and extreme poverty, in the regions and states of the federation, a phenomenon translated into the dialectical structural relationship, as a persistent and long-lasting phenomenon. To better dimension the discussion, we took as a time frame the beginning of the period of monetary stability, economically characterized as one of the structural elements of the new Brazilian macroeconomy.

The data are supported by the results of the IPEA discussions (2010b), based on the literature that deals with the decrease in the evolution of the poverty rate by region and states, referring to the period of stabilization of the Brazilian currency, between the years 1995 and 2009, concomitant with the retreat of the inflationary process and the achievements of the group of workers, in relation to the real gain incorporated into the minimum wage, with indexes adjusted above inflation.

The historical series between the years 1995 and 2009 is characterized, with three distinct periods of evolution in income distribution, according to the text: "Dimension, evolution and projection of poverty by region and by state in Brazil" (IPEA, 2010 aa). The period between 1995 and 2001, marked by economic balance, which generated monetary, fiscal, exchange rate and financial stability.

On the other hand, it is understood that such balance did not generate significant changes in the social and economic formation of Brazilian society, due to structural adjustments in public policies, guided by the neoliberal conception, reducing the action of the State. This period marks the action of the State with timid social policies, understood as public spending, adjusted to the new macroeconomic model under construction. From this perspective, the State conceives social policies aimed at vulnerable categories, such as

[19] Sicsú, João. Macroeconomic context. Basic Income as an instrument of Justice and Peace. In: 13th BIEN Congress 2010, June 30 to July 2. FEA-USP, São Paulo, Brazil, 2010. Available at: <http://www. Sinteseeventos.com. br/bien/en/txt_ cabecalho_pt.gif>. Accessed: jun.2024.

public spending that should be controlled by adjustments in the economy. The consequence of this economic model results in little change in inequality and in the average income of individuals.

The second period is the one that begins in 2001 and lasts until 2005, and is marked by the beginning of the fall in inequality. However, on the other hand, the average income increases little in this period. This phenomenon, perceived in the fall in inequality, without an increase in income, is explained by the insertion of those population strata that were excluded from the relationship with the labor market. The result of this relationship is due to the distribution of income, via salaried employment, and not due to the equality close to the income gap.

The third period, which occurred between 2005 and 2009, points to a new phenomenon in Brazilian society: a trend of increases in income begins to solidify. This phenomenon occurs simultaneously, with the fall in inequality. As we have previously stated, one of the important factors for the fall in inequality is the increase in the monetary value of the minimum wage, as a result of the State's intervention in the capital-labor relationship. The context and action of the State as a mediator of conflicts are analyzed, but with the propensity of a government policy, for the implementation of social policies, whose implementation process and the management model are at the heart of the debate on the centralization and decentralization of the size and action of the State.

Different views gain the contour of the debate: if, on the one hand, income transfers have contributed to the fall in inequality, on the other hand, the Brazilian social formation is not altered. Bava (2010) points out that the constituent processes of the market economy, even when mitigated by compensatory policies, do not profoundly alter the social issue. According to the author, public policies were supposed to guarantee the universalization of rights for all citizens, but, in the logic of neoliberalism, they were transformed into compensatory policies.

From another perspective, the relationship of concession and conquest is considered in the conception of progressive social policy: it privileges employment, access to land, wages, social capital, health and education.

Compensatory and targeted measures, while mitigating poverty, can be an auxiliary mechanism, not the center of action of such social policy. However, the differences are revealed in the government's policies, regarding the orientation of the State in the formulation of policies for social protection: the Lula government, in its reformist and developmentalist perspective, expanded the performance of the compensatory policies initiated by the predecessor, but also maintained a government close to the industrial bourgeoisie, speculative capital and agribusiness. The rapprochement with the large exporting corporations blocks the path to wage recovery, since wage compression is one of the main assets available to this sector to compete in the world market. Just as the rapprochement with agribusiness bars the path of the dreamed incidence in agrarian reform.

Barros, Henriques and Mendonça (2000) highlight the importance of revealing the initiatives for the definition of a minimum wage policy that cares about income distribution. Just as it is important to reduce the inequality of monetary per capita income, equally important for Brazilian society is the growth of income among poorer sectors, however small it may be, especially among workers who have income from earnings with the current or nominal minimum wage and necessary according to some criteria:

> Minimum wage fixed by law, nationally unified, capable of meeting their basic vital needs and those of their family, such as housing, food, education, health, leisure, clothing, hygiene, transportation and social security, periodically readjusted in order to preserve purchasing power, prohibiting its binding for any purpose (BRASIL, p. 07, 1988).

To understand the readjustment of the minimum wage and its contribution to greater social equality, the central issue is to ratify the sustainability for a real increase, as well as for pensions. The political definition involves the inclusion of individuals in the market and in consumption, motivating elements of emerging and conservative economic thought, which is the basis of the reactions that lead to the weaknesses of universalist public policies. The challenge of social policy is to reduce poverty with political and economic inclusion.

In this sense, the focus attributed by Silva (2007) clarifies that:

> In Brazil, what has been seen previously is a large population contingent that has always been on the margins of society; who never had insertion in formal work or participated in ordinary sociability. The standard of the developed countries has not been reached, nor can we even admit that we have had a wage society. Not being included is a structural condition that has marked generation after generation. To speak of social exclusion in Brazil would be to admit a "virtual loss of a condition never achieved" (Sposati, 1999, p. 133). We have a society, in the words of Kowarick (1999), extremely marginalized from the economic and social point of view, which has constituted masses of self-employed or salaried workers with negligible incomes that lead them to a precarious life and without social protection, as a rule, stigmatized as potentially dangerous (SILVA, 2007, p. 07).

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Agreeing with the author, systematically in the national scenario, as well as in the empirical field, it is observed the group of workers, represented by the trade unions, urban and rural social movements in the struggle around the wage issue. These, committed to the struggle for the maintenance of the minimum wage as a condition for exchanging the labor force for sustenance and survival, in the face of the constant crises in the capitalist economy.

The inequalities imposed and perceived in the empirical field are similar to exploitation, as a structural condition that marks social relations. The historicity of this process points to the dimension that the historical series between the years 2001 and 2004 points to in order to understand the fall in inequalities, as well as the growth of income. According to a survey by IPEA (2010b), using PNAD data, the following configuration is presented:

> From 2001 to 2004, there was little overall growth — total income grew by 3.6%, but the little that there was was distributed very differently among the twentieths. While the twentieth richest lost income and the next two remained practically in zero growth, the twentieth poorest saw their income increase by 64%. The 20th intermediaries also made intermediate gains. There is an almost perfect ladder going up from the richest twentieth to the poorest twentieth. From 2005 to 2009, all twentieth experienced strong income gains. People in the poorest half had the highest income growth, 31% and 35% (except for the poorest 5%). The income of people in the richest half grew from 13% to 30%, a good increase, but much lower than that of the poorest, characterizing income redistribution (IPEA, 2010b, p. 16).

There are two classifications of poverty that undergo changes in the formation of their original condition. The first concerns absolute poverty. When analyzed in the period from 2001 to 2004, a considerable population contingent can be perceived, about 12.8 million who left the condition of absolute poverty (those with a per capita household income of up to half a minimum wage), thus allowing the national rate of absolute poverty to fall by 33.6%, from 43.4% to 28.8% (IPEA, 2010b).

The surveys mentioned point to absolute results and cause a change in the social fabric, providing the opportunity for the insertion of 12.8 million people in a new category of social organization, with regard to the indicators of the Family Development Index (IDF).[20]

[20] The Family Development Index (FDI) was developed by Barro, Carvalho & Franco, and can be consulted in the work: Family Development Index (2003), based on information from the 2001 PNAD. The limitations of this synthetic index are also pointed out by the authors themselves in the same work. The IDF data are from the Unified Registry for social programs of the federal government, organized by the Ministry of Social Development and Fight against Hunger (MDS), broken down into its dimensions, components and indicators. These dimensions refer to access to the means necessary to satisfy needs: a) vulnerability (demographic composition of families; b) access to knowledge; c) access to work; d) availability of resources (income for expenses and

These people, until then — qualified as poor people accustomed to the ways of producing absences, devoid of capacities and opportunities — acquire a new social conformation: the ability to be qualified, belonging to a new process of affiliation, via social policies.

The second transformation in the social formation concerns extreme poverty (in which people with an average per capita household income of up to a quarter of the minimum wage are included), and about 13.1 million exceeded this line, making it possible to reduce the national rate of this category by 49.8%, going from 20.9% of the entire Brazilian population in 1995. to 10.5% in 2008[21].

Another situation to be analyzed is the income from salaried work. According to Soares (2010a), there are three very distinct situations that produced the data, these coming from labor income. The first situation reveals that the concentration of labor income not indexed to the minimum wage decreases much less than the labor income in total (mathematical consequence of the indexation or non-indexation of income to the minimum wage), and the real increase in wages in recent decades, following a trend of wage replacements, using indicators equal to or higher than those of inflation.

The second situation refers to retirements and pensions of the various public and private assistance systems. The trend shows an indicator of concentration of this income in the period between 1995 and 1999, with considerable stability in 2003, and which would only begin to approach the equality line in 2004. The document used to carry out this analysis, "PNAD 2009 — First Analyses: Income Distribution between 1995 and 2009" - makes it possible to understand that the dynamics of the concentration of social security income is due to the high regressivity of retirements and pensions, not indexed to the minimum wage.

## FINAL CONSIDERATIONS

In general, it is considered that the implementation of social policies has impacted the indicators of the fall in inequality. However, the production of impacts that could generate new bonds in the labor market was not perceived.

food); e) child development; f) housing conditions (access to basic public services such as water, sanitation and electricity).

[21] PNAD 2009 — First analyses: income distribution between 1995 and 2009. Brasília: IPEA, 2010. (IPEA Communiqué, no. 63, 05 Oct. 2010). Available in < http://www.ipea.gov.br/portal/images/_comunicadoipea63.pdf >. Accessed: jun.2024.

On the other hand, it is considered that the minimum wage plays an important role in correcting per capita income inequality. The policy of recomposing losses is seen as a policy that can add considerable gains to wages, understood as a mechanism for correcting distortions. If the monetary policy, to define the recomposition of the minimum wage, considers the inflation of the previous two years plus the variation in inflation of the period – this option results in a good indicator for the recomposition of inequality and the social fabric.

Income from salaried work acts as a strong indicator in the improvement of the inequality curve. This income is conceived as an aggregator of gains in the wage relationship: the greater the progressive concentration of income, the better the conditions for its aggregation, as, for example, in the historical series between the years 1995 and 2009, where the minimum wage obtained real gains.

However, it is not only direct public transfers that are responsible for the fall in inequality. The relevance of the labor market, via salaried employment, is noticeable in the fall in inequality, contributing in a more punctual way. Different positions are placed in the arena of this debate. Hoffmann (2005) states that income transfers are not the fundamental cause of the reduction of inequality. On the other hand, we have to consider the complexity of the debate and the research that assigns weight to the income indexed to the minimum wage and to those not indexed, also evaluating those incomes from other jobs.

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